

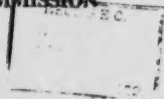
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FORM 10-Q

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549



(Mark One)

- ☒ QUARTERLY REPORT PURSUANT SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

For the quarter ended March 31, 1992

Commission File Number 0-19509

EQUUS II INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware(State or other jurisdiction of
incorporation or organization)76-0345915(I.R.S. Employer
Identification No.)2929 Allen Parkway, Suite 2500Houston, Texas(Address of principal
executive offices)77019

(Zip Code)

Registrant's telephone number, including area code: (713) 529-0900

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

As of March 31, 1992, 60 shares of common stock were held by an affiliate of the registrant. The net asset value per share at March 31, 1992, was \$16.67. There is no established market for such common stock.

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EQUUS II INCORPORATED
(A Delaware Corporation)

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Part 1. Financial Statements

Item 1. Financial Statements

EQUUS II INCORPORATED
BALANCE SHEET
MARCH 31, 1992 AND DECEMBER 31, 1991
(Unaudited)

<u>Assets</u>	<u>1992</u>	<u>1991</u>
Cash	\$1,000	\$1,000
Total assets	<u>\$1,000</u>	<u>\$1,000</u>
<u>Stockholder's Equity</u>		
Preferred stock, \$.001 par value, 5,000,000 shares authorized, no shares issued or outstanding	\$ -	\$ -
Common stock, \$.001 par value, 10,000,000 shares authorized, 60 shares issued and outstanding	1	1
Additional paid-in capital	<u>999</u>	<u>999</u>
Total stockholder's equity	<u>\$1,000</u>	<u>\$1,000</u>
Net assets per share	<u>\$16.67</u>	<u>\$16.67</u>

The accompanying notes are an
integral part of these financial statements.

EQUUS II INCORPORATED
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1992
(Unaudited)

(1) **Organization and Business Purpose**

Equus II Incorporated, a Delaware corporation, (the "Fund") was formed as a successor business development company on August 16, 1991, and is a wholly owned subsidiary of Equus Investments II, L.P., a Delaware limited partnership (the "Partnership"). Upon approval by a majority of the units of limited partnership interest of the Partnership, all assets of the Partnership, subject to its liabilities, will be transferred to the Fund in exchange for shares of common stock of the Fund (the "Exchange"). Upon consummation of the Exchange, the shares received by the Partnership will be distributed to the partners of the Partnership, with each partner receiving a pro rata distribution of these shares of the Fund for the Partnership units or interest held prior to the Exchange. The Partnership will then be dissolved.

As with the Partnership, the Fund will seek to achieve capital appreciation by making equity and equity-oriented investments in leveraged buyouts of existing companies or divisions thereof and subsequently disposing of such investments. The Fund elected to be treated as a business development company under the Investment Company Act of 1940, as amended. The Fund will terminate on June 30, 2002, unless extended by majority vote of its stockholders.

The Fund had no activity during the three months ended March 31, 1992, and therefore no financial statements other than the Balance Sheets have been presented.

(2) **Management**

Upon consummation of the Exchange, the Fund will enter into a management agreement with Equus Capital Management Corporation, a Delaware corporation (the "Management Company"). Pursuant to such agreement, the Management Company will perform certain management and administrative services necessary for the operation of the Fund. The Management Company will receive a management fee at an annual rate of 2% of the net assets of the Fund. In addition, the Management Company will receive an incentive fee equal to 20% of net realized capital gains less any unrealized capital depreciation, computed on a cumulative basis over the combined life of the Fund and the Partnership.

Equus Capital Corporation, a Delaware corporation (the "Sub-Adviser"), will be the Sub-Adviser to the Fund and will be responsible for approving the Fund's quarterly net asset valuations, arranging financing for leveraged buyout transactions, and providing investment advice to the Fund. As a fee for such services, the Sub-Adviser will receive from the Management Company 50% of the incentive fee paid to the Management Company.

Upon consummation of the Exchange, the Board of Directors will consist of five individuals, three of which must be independent. As compensation for services rendered to the Fund, these independent directors will receive an annual fee of \$15,000, a fee of \$1,500 for each meeting attended and reimbursement of all out-of-pocket expenses relating to attendance at such meetings.

(3) Significant Accounting Policies

Income Taxes - No provision for income taxes will be made since the Fund intends to qualify for pass-through treatment as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986. As such, all net income is allocable to the stockholders for inclusion in their respective tax returns. Net losses are carried forward to be used to offset future income.

(4) Subsequent Events

On April 30, 1992, a majority of the units of limited partnership interest voted in favor of the Exchange. Therefore, effective July 1, 1992 the Exchange will be consummated.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Liquidity and Capital Resources

Equus II Incorporated, a Delaware corporation (the "Fund") was formed by Equus Investments II, L.P. (the "Partnership") on August 16, 1991, as a corporate successor to the Partnership pursuant to which all assets and liabilities of the Partnership are to be transferred to the Fund in exchange for shares of common stock of the Fund (the "Exchange"). During 1991 and the first quarter of 1992, the Fund conducted no operations. Its only activity was the filing of a registration statement with the SEC to register the shares to be issued to the Partnership in the Exchange. Upon approval by a majority of the limited partners of the Partnership and consummation of the Exchange, the shares received by the Partnership will be distributed to the partners, with each partner receiving a pro rata distribution of the shares of the Fund for the units of limited partnership interest for general partners interest held prior to the Exchange.

The Exchange has been submitted to the limited partners for their approval at a special meeting of limited partners scheduled to be held on April 30, 1992. If approved by a majority of the limited partners, the Exchange will be effected on or about July 1, 1992.

Subsequent Event

On April 30, 1992, a majority of the units of limited partnership interest voted in favor of the Exchange. Therefore, effective July 1, 1992 the Exchange will be consummated.

Item 12. Exhibits and Reports on Form 8-K.

(a) Exhibits

None

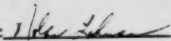
(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the period for which this report is filed.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed by the undersigned, thereunto duly authorized.

EQUUS II INCORPORATED

By: 
Nolan Lehmann
President, Principal Financial
and Accounting Officer

Date: May 13, 1992